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27 April 1955

MEMORANDUM FOR: Ch/D/E

SUBJECT : Intelligence on Soviet Trade Trends and Tactics

1. A need has long existed for establishment of a CIA unit to systematically assemble, review, and evaluate intelligence on Soviet trade trends and tactics for the support of agencies having action and policy responsibilities in this field. Activation of a D/E unit would be particularly appropriate at this time for the following reasons:

a) The current Soviet "trade offensive" is producing significant political and economic strains within the non-Communist world. Trade is used by the Soviet bloc with a high degree of opportunism and flexibility. The intelligence resources of the Government should be made available to action and policy agencies to assist them in effectively countering such Soviet efforts;

b) The Soviet bloc is continually intensifying its external economic activities and no single CIA component has responsibility for coordinating and providing effective intelligence support to a U.S. program of countermeasures;

c) Although several components of the Agency (OCI, PP/Econ, S/TF, E/T) study different aspects of East-West trade in general, only D/E has specific assigned responsibility

"for the production of intelligence studies required for economic defense purposes on subjects other than commodities, such as Soviet trade tactics, Soviet economic penetration of Latin America, etc..." (ref: Memorandum of Understanding, 27 May 1954, confirmed by Memorandum of Understanding of 12 November 1954, by Ch/E, Ch/C and AD/RR)

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d) By reason of its assigned functions in the field of economic defense, D/E is particularly well qualified to evaluate intelligence on Soviet trade trends and tactics and provide support to action and policy agencies. Only D/E is completely oriented to economic defense intelligence support and, through the EDIC, has Agency responsibility for support of EDAC.

e) D/E has been called upon increasingly in recent months to provide analyses and comments on intelligence problems in the field of Soviet trade tactics. Many of these requests have stemmed originally from the April 1954 Consultative Group resolution to discuss Soviet bloc trade tactics and practices. The U.S. Delegate at this meeting declared that:

"The United States is prepared to cooperate fully in providing to the CG structure information of Soviet trade trends and tactics and of significant trade developments with the Soviet bloc."

When requests of this nature are now received, it is necessary to delay other priority production while D/E analysts hastily assemble intelligence on an ad hoc basis. The end product has never reflected the sum total of intelligence which was available on the subject.

2. This unit, which could be designated "Economic Countermeasures Branch", "Soviet Economic Warfare Branch", "Soviet External Economic Activity Branch", or other appropriate title, would be concerned generally with significant Soviet trade trends and tactics, including trade promotion, economic penetration, technical assistance to underdeveloped areas and related external Soviet economic activity. Specifically, the unit would be responsible for

a) Preparing collection requests to fill intelligence gaps and evaluating intelligence materials;

b) Preparing and/or coordinating studies and analyses in response to requests from action and policy agencies. Such information would normally be furnished through established interagency liaison channels, principally the EDIC;

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c) On its own initiative, calling to the attention of action and policy agencies situations which called for U.S. countermeasures to aggressive Soviet economic external activity. The value of such a unit as a nucleus for expanded intelligence activity in time of war should be noted;

d) Coordinating Agency production of intelligence for specific use in forums such as CC/COCOM, the United Nations, the Operations Coordinating Board and by the Voice of America;

e) Analysing Soviet pressure on specific and vulnerable free world areas, e.g., Iceland, Greece, Austria, Italy;

f) Maintaining liaison with NSA and DD/P elements to insure that information available to those offices was effectively utilized in the detection of situations which might require countermeasures by the U.S. Close contact should be maintained particularly with DD/P elements in their current support of the Dodge Foreign Economic Council.

3. A list of CIA/RR and State/OIR intelligence studies, and EDA/EC issuances relating to this subject will be furnished at an early date.

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